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7 **UNITED STATES DISTRICT COURT**  
8 **CENTRAL DISTRICT OF CALIFORNIA**

9 DAVID HOUGH; et al.

10 Plaintiffs,

11 vs.

12 RYAN CARROLL; et al.

13 Defendants.

14 Case No.: 2:24-CV-02886-WLH

15 **ORDER RE PLAINTIFFS'**  
16 **MOTION FOR LEAVE TO**  
17 **CONDUCT EXPEDITED**  
18 **DISCOVERY [25] [26]**

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20 Before the Court is the Motion for Leave to Conduct Expedited Discovery filed  
21 by Plaintiffs David Hough, Mouloud Hocine, Jennifer Lemkuhl Hill, Amund  
22 Thompson, and Paul Panico ("Plaintiffs"). ("Mot.", Docket Nos. 25 & 26). On April  
23 29, 2024, the Court heard oral argument regarding the instant Motion and the Order to  
24 Show Cause re Preliminary Injunction. (See Minutes of April 29, 2024, Docket No.  
25 38). The Court granted the Motion. (*Id.*). The Court now sets forth (1) its reasoning  
26 for allowing expedited discovery and (2) the permitted scope of the expedited  
27 discovery.  
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1           **I. BACKGROUND**

2           This is a securities fraud action. (*See* Compl., Docket No. 1). The Court recently  
3 summarized the facts known to it in its Temporary Restraining Order of April 15, 2024,  
4 so it does not repeat them all here. (“TRO,” Docket No. 17). The Court entered the  
5 TRO against Individual Defendants Ryan Carroll; Max K. Day; Max O. Day; and  
6 Michael Day, and over Entity Defendants Yax Ecommerce LLC (formerly known as  
7 Wealth Assistants); WA Distribution LLC; and Precision Trading Group, LLC  
8 (collectively, the “Jurisdictional Defendants”). (*Id.*). In the TRO, the Court ordered  
9 Jurisdictional Defendants to produce to Plaintiffs, within five days,

10           (1) identifying information for all accounts that contain assets held by or  
11 for the benefit of Jurisdictional Defendants, including the name of the  
12 financial institution, the account number, and the name of the account  
13 holder; and (2) for each identified account, the value of the assets held in  
14 the account.

15           (*Id.* at 7). In addition, the Court temporarily restrained Jurisdictional Defendants from  
16 “withdrawing, transferring, spending, or otherwise disposing of any assets held by or  
17 for the benefit of Jurisdictional Defendants without leave of the Court,” except that  
18 each human Defendant was allowed to spend up to \$9,000 per month in personal or  
19 household expenditures. (*Id.* at 6–7). The Court set the TRO to expire on April 29,  
20 2024. (*Id.* at 7). Finally, the Court set an order to show cause why a preliminary  
21 injunction should not issue against the Jurisdictional Defendants (the “OSC”). (*Id.* at  
22 6).

23           On April 19, 2024, the Court held a hearing on the TRO and the OSC. The Court  
24 temporarily increased the cap on expenditures to \$13,000 per month pursuant to  
25 Jurisdictional Defendants’ request; ordered further briefing from the parties; continued  
26 the OSC hearing to April 29, 2024; and extended the TRO until close of business on  
27 the same day. (Minutes of April 19, 2024, Docket No. 21).

28           On April 22, 2024, Defendants sent Plaintiffs’ counsel a letter regarding  
Defendants’ account information. (Decl. of Nico Banks in Support of Mot. (“Banks

1 Decl.”), Docket No. 25-1, Ex. 1). Individual Defendant Max K. Day disclosed no  
2 assets; Individual Defendants Ryan Carroll and Michael Day each disclosed less than  
3 \$1,100 worth of assets; and Individual Defendant Max O. Day disclosed less than  
4 \$10,000 worth of assets. (*Id.*). The Entity Defendants disclosed “an account that holds  
5 more than \$100,000 and an account that holds more than \$200,000.” (*Id.* ¶ 5). In all,  
6 the total of all assets disclosed to Plaintiffs came out to less than \$500,000. (*Id.* ¶ 6).

7 In response, on April 25, 2024, Plaintiffs’ counsel filed the instant Motion, along  
8 with an *ex parte* application for expedited briefing and consideration of the Motion.  
9 (*Ex Parte* Application, Docket No. 27). The Court granted the *ex parte* so the Motion  
10 could be heard at the same time as the OSC. (Order re *Ex Parte* Application, Docket  
11 No. 29). In the Motion, Plaintiffs make three requests. First, they request leave to  
12 serve an expedited document request requiring Jurisdictional Defendants to produce  
13 their federal tax returns for the years 2021–2023. (Mot. at 5). Second, Plaintiffs  
14 request leave to serve an expedited interrogatory requiring Jurisdictional Defendants to  
15 identify and describe any assets that, since May of 2021, have been (1) owned or  
16 controlled, in whole or in part, directly or indirectly, by or for the benefit of any  
17 Jurisdictional Defendant; or (2) owned or controlled, in whole or in part, directly or  
18 indirectly, by or for the benefit of any corporation, partnership, asset protection trust,  
19 or other entity that is directly or indirectly owned, managed, or controlled by any  
20 Jurisdictional Defendant. (*Id.*). Third, and finally, Plaintiffs request leave to issue  
21 subpoenas to third-party financial institutions, requiring those institutions to produce  
22 account statements dating back to May of 2021 for any accounts that are required to be  
23 identified in the proposed interrogatory.

24 On April 29, 2024, Defendants filed an opposition to the Motion. (Opp’n,  
25 Docket No. 36). Later that day, the Court heard oral argument regarding the OSC and  
26 the Motion. (See Minutes of April 29, 2024). At the hearing, the Court extended the  
27 TRO until May 13, 2024; decreased the cap on expenditures to \$9,000; and clarified  
28 that “assets owned by or held for the benefit of Defendants” means “any assets over

1 which Jurisdictional Defendants have control and dominion.” (*Id.*). The Court also set  
2 an Order to Show Cause why sanctions should not be imposed for failure to disclose  
3 all “assets owned by or held for the benefit of Defendants” by the April 20, 2024,  
4 deadline imposed in the original TRO. (*Id.*). Finally, the Court granted the instant  
5 Motion on terms to be delineated by the Court.

6 **II. ANALYSIS**

7 In general, formal discovery does not begin until the parties have met and  
8 conferred, as required by Federal Rule of Civil Procedure 26(f). Fed. R. Civ. P. 26(d).  
9 Nevertheless, “courts may permit expedited discovery before the Rule 26(f) conference  
10 upon a showing of good cause.” *Am. LegalNet, Inc. v. Davis*, 673 F. Supp. 2d 1063,  
11 1066 (C.D. Cal. 2009) (citation omitted). “Good cause may be found where the need  
12 for expedited discovery, in consideration of the administration of justice, outweighs the  
13 prejudice to the responding party.” *Semitool, Inc. v. Tokyo Electron Am., Inc.*, 208  
14 F.R.D. 273, 276 (N.D. Cal. 2002).

15 The Court finds there is good cause to permit expedited discovery. As discussed  
16 above, Jurisdictional Defendants have disclosed troublingly few assets. It defies belief  
17 that each of the Individual Defendants have less than \$10,000 in assets, especially  
18 considering that those same Individual Defendants requested that the Court increase  
19 their limit on expenditures to \$13,000 a month. It is clear to the Court that the  
20 Jurisdictional Defendants have not disclosed “information for all accounts that contain  
21 assets held by or for the benefit of Jurisdictional Defendants,” in contravention of the  
22 TRO. Defendants’ bad faith efforts to comply with the TRO demonstrate a clear need  
23 to expedite discovery to determine what, if any, assets are recoverable should the  
24 Jurisdictional Defendants be found liable for fraud, and to prevent those assets from  
25 being shuffled to avoid paying a potential judgment. For their part, the Jurisdictional  
26 Defendants do not point to any prejudice whatsoever that would result from complying  
27 with the discovery request. (*See generally* Opp’n).

1 The Court finds that the requested discovery is overbroad, however, in terms of  
2 the time period it spans. The first contract between Wealth Assistants and any Plaintiff  
3 appears to have been executed on August 2, 2022. (See Decl. of Max O. Day, Ex. E,  
4 Docket No. 36-6). Seeing no explanation in Plaintiffs' papers for the proposed  
5 discovery dating to May of 2021, the Court narrows the discovery request to include  
6 the three months immediately prior to August of 2022—when the first Plaintiff signed  
7 a contract with Wealth Assistants—to the present.

8 The Court therefore **GRANTS** the Motion and gives Plaintiffs leave to conduct  
9 expedited discovery as follows:

10 1) Plaintiffs are given leave to serve an expedited document request requiring  
11 Jurisdictional Defendants to produce their federal tax returns for the years  
12 2021–2023. The Jurisdictional Defendants must respond to this request  
13 within seven days of this Order's issuance.

14 2) Plaintiffs are given leave to serve an expedited interrogatory requiring  
15 Jurisdictional Defendants to identify and describe any assets that, since May  
16 of 2022, have been (1) owned or controlled, in whole or in part, directly or  
17 indirectly, by or for the benefit of any Jurisdictional Defendant; or (2) owned  
18 or controlled, in whole or in part, directly or indirectly, by or for the benefit  
19 of any corporation, partnership, asset protection trust, or other entity that is  
20 directly or indirectly owned, managed, or controlled by any Jurisdictional  
21 Defendant. The interrogatory may require the description for each asset to  
22 include an estimate of the asset's value and, if the asset is a financial account,  
23 the peak value of that account since May of 2022. However, the interrogatory  
24 may not require the disclosure of assets owned by an entity in which  
25 Jurisdictional Defendants' only ownership interest has been securities traded  
26 on a public exchange, and the interrogatory may not require the disclosure of  
27 non-financial assets (such as furniture and personal belongings) with a value  
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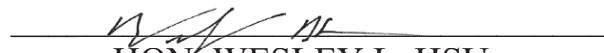
1 of less than \$5,000. The Jurisdictional Defendants must respond to this  
2 request within ten days of this Order's issuance.

3) Plaintiffs are given leave to issue subpoenas to third-party financial  
4 institutions, requiring those institutions to produce account statements dating  
5 back to May of 2022, for any accounts that are required to be identified in the  
6 interrogatory discussed immediately above.

7 Any dispute regarding discovery shall be addressed to Magistrate Judge Kim.

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10 **IT IS SO ORDERED.**

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12 Date: May 1, 2024

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14 HON. WESLEY L. HSU  
15 UNITED STATES DISTRICT JUDGE  
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